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**HOUSE INTERNATIONAL RELATIONS COMMITTEE**

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**IRAN'S NUCLEAR PROGRAM**

Introduction

Mr. Chairman, distinguished members of the Committee, I appreciate the opportunity to appear before you today to discuss what Iran is doing to acquire a nuclear weapons capability and what we are doing to counter this emerging threat.

I start from the premise that a nuclear-armed Iran is intolerable. Let me outline some of the key reasons:

- A nuclear-armed Iran could embolden the leadership in Tehran to advance its aggressive ambitions in and outside of the region, both directly and through the terrorists it supports — ambitions that gravely threaten stability and the security of U.S. friends and allies.
- A nuclear-armed Iran would represent a direct threat to U.S. forces and allies in the region, the greater Middle East, Europe and Asia, and eventually to the United States itself. The likelihood of Iranian use of force, including possibly chemical and biological weapons, could increase if Tehran believed its nuclear capability protected it from retaliation. At a minimum, it could seek to use nuclear weapons as a powerful tool of intimidation and blackmail.
- A nuclear-armed Iran could provide the fuse for further proliferation, engendering a re-evaluation of security requirements across the region, and undermining the nuclear nonproliferation regime.
- A nuclear-armed Iran would consolidate the chokehold of the mullahs, making democracy in Iran a more distant prospect.
- A nuclear-armed Iran would represent an existential threat to the state of Israel. Not content with his efforts to destroy peace between Israel and the Palestinians, President Ahmadi-Nejad may believe that nuclear weapons are the chosen instrument to achieve his stated goal of wiping Israel “off the map.” Despite the resulting apocalyptic costs for Iran itself, the regime could miscalculate, or accept those costs in the cause of martyrdom.
- Finally, Iran is at the nexus of weapons of mass destruction and terrorism, pursuing nuclear, chemical and biological programs and actively supporting terrorist movements. If Iran has fissile material or nuclear weapons, the likelihood of their transfer to a third party would increase – by design or through diversion.

For these reasons, we should not concede the inevitability of a nuclear-armed Iran but rather pursue determined diplomacy and defensive measures to preclude such an outcome. But there is

no question that Iran is as committed and determined as we. As a result, stopping Iran is one of the most fundamental strategic challenges we face.

### Iran's Nuclear Program

Two decades ago, Iran embarked on a secret program to acquire the capability to produce fissile material – the most critical component for nuclear weapons. Since then, Iran has pursued the goal of large-scale production of both enriched uranium and plutonium, spanning the full range of activities from laboratory experiments to industrial facilities.

Iran pursued two parallel uranium enrichment approaches, a laser process based on Russian technology and a centrifuge process based on technology acquired from the A.Q. Khan network. The Russian government terminated cooperation with Iran on laser enrichment in 2001, following extensive consultations with the United States, and it appears to be no longer active.

Most of Iran's effort in the enrichment area has been concentrated on centrifuge technology, which Tehran is aggressively pressing forward with today. The International Atomic Energy Agency (IAEA) has found that Iran repeatedly violated its IAEA safeguards agreement during an 18-year period of covert development and testing. Currently, Iran is operating a small centrifuge cascade and is conducting research and development work at a pilot facility at Natanz. This is the beginning of a much larger effort with hundreds of centrifuges at the pilot facility, and Iran has notified the IAEA that this fall it will begin installing the first 3000 centrifuges at an industrial enrichment plant also at Natanz. Let there be no mistake that what Iran calls innocent research and development is actually the next step toward achieving a large-scale enrichment capability.

Supporting this conclusion, Iran is now producing feedstock for centrifuges at a uranium conversion facility at Isfahan. Iran has already produced approximately 85 tons of uranium hexafluoride at Isfahan. If this amount of feedstock were enriched in centrifuges to weapons grade material, the result would be enough highly-enriched uranium (HEU) for about 10 nuclear weapons. Nearby, Iran has dug an underground tunnel for storing uranium hexafluoride. The facility at Isfahan is also capable of converting uranium hexafluoride to uranium metal, the form used in nuclear weapons components.

Iran is obviously moving forward to master the technology of centrifuge enrichment and to commence industrial-scale production as rapidly as it can, in defiance of calls by the international community to suspend all enrichment-related activity. Iran claims that this program is entirely peaceful, for production of fuel for power reactors. The only power reactor Iran will have for at least the next ten years is the one being built by Russia at Bushehr, the fuel for which Russia is obligated to provide for the first ten years.

The only plausible explanation for the urgency of the Iranian enrichment program is to produce fissile material that can be used in nuclear weapons as soon as possible, no matter the international cost. The secret origins, military involvement, acquisition of key technologies from a proliferation network, violation of IAEA safeguards, false reporting to the IAEA, and denial of IAEA requests for access to individuals and locations also belie assertions of peaceful intent.

To produce plutonium, Iran has built a heavy water production plant and is now constructing a large, heavy water-moderated reactor whose technical characteristics are well suited for the production of weapons grade plutonium. In support of this effort, Iran produced small quantities of plutonium in targets inserted into the safeguarded Tehran research reactor and conducted plutonium separation experiments, in violation of its IAEA safeguards agreement.

Because of Iran's incomplete and false reporting and denial of access to its inspectors, the IAEA has been unable to determine the full scope and nature of Iran's nuclear program. The IAEA is pursuing information on what could be another uranium conversion project. Iran has designs for a next generation, more sophisticated centrifuge (P-2), but the IAEA has been unable to determine the complete history of this activity.

In addition to its determined effort to put in place the capability to produce fissile material, there are also disturbing indications that Iran is working on the next step, weaponization. The IAEA has discovered documentation in Iran for casting and machining enriched uranium hemispheres, which are directly relevant to production of nuclear weapons components. The IAEA is also pursuing information on high-explosive tests and on the design of a delivery system, which clearly point to a military rather than peaceful purpose.

Last week, in his most recent report, IAEA Director General ElBaradei made clear that Iran has not taken any of the steps the IAEA Board has called for. Iran has not re-suspended enrichment activities, not stopped construction of the heavy water reactor, not ratified the Additional Protocol, and not cooperated fully with the IAEA investigation. None of the outstanding problems have been resolved. In his overall assessment of the current situation, Dr. ElBaradei expressed regret and concern that the scope and nature of Iran's nuclear program have not been clarified after three years of intensive IAEA efforts.

#### Diplomatic Efforts to Stop Iran's Nuclear Program

The President has emphasized that all options are on the table to deal with the threat from Iran, but that our strong preference is to do so through determined diplomacy. A peaceful diplomatic solution to this issue would spare the world from the threat posed by a nuclear-armed Iran and would benefit the Iranian people with the possibility of fuller integration with the international community. Diplomacy remains essential and, despite the frustrations, is working.

The IAEA investigation of the Iranian nuclear program began in 2003, following revelations about the enrichment and heavy water programs by an Iranian opposition group in August 2002. In November 2003, IAEA Director General ElBaradei issued a comprehensive report, finding that "it is clear that Iran has failed in a number of instances over an extended period of time to meet its obligations under its Safeguards Agreement."

The IAEA Statute requires that non-compliance with IAEA safeguards be reported to the United Nations Security Council. The IAEA Board decided at its November 2003 meeting to put off reporting Iran's non-compliance to the Security Council to allow time for the United Kingdom, France and Germany (the "EU3") and Iran to reach an agreement that would provide the international community confidence that Iran's nuclear activities were entirely peaceful.

It was essential to the Europeans and to us that Iran suspend all enrichment-related and reprocessing activities while negotiations on a long-term agreement were undertaken. The EU3 and Iran reached an understanding on this point in Tehran in October 2003, but this broke down over differences whether the agreed suspension covered conversion of uranium into uranium hexafluoride feedstock for the centrifuge process. In November 2004 a more explicit agreement was reached in Paris in which Iran agreed to suspend all uranium conversion and enrichment activities during negotiations on a long-term agreement.

On this basis, the EU3 developed a comprehensive and ambitious proposal for extensive economic and technical cooperation between the European Union (EU) and Iran, including cooperation on nuclear energy. The United States supported the EU3 effort, including by changing our policies with respect to World Trade Organization (WTO) membership and civilian aircraft parts for Iran.

While the EU3 engaged with Iran, the IAEA continued and expanded its investigation of the Iranian nuclear program, and the result has been a growing number of unresolved problems and concerns. The reports of the IAEA Director General document a long list of unresolved problems, including: discrepancies between Iran's account of its acquisition and use of P-1 and P-2 centrifuge technology and other information available to the IAEA; Iran's possession of documentation on casting and machining enriched uranium into hemispheres, related to the fabrication of nuclear weapon components, and refusal to provide the IAEA a copy of this document; discrepancies between Iran's account of plutonium separation experiments and the IAEA's technical analysis; unresolved questions concerning military involvement in the Iranian nuclear program; and failure to fully cooperate with IAEA requests for access to individuals, information, and locations. The IAEA Board has adopted nine resolutions calling on Iran to suspend enrichment-related and reprocessing activities, and to cooperate fully with IAEA requests.

Russia has put forward a creative proposal for a joint venture for uranium enrichment in Russia, which would not give Iran access to sensitive technology. While Iran continues to feign interest in a joint venture in Russia, and cynically calls for negotiations and compromise, it has refused to agree to suspend enrichment activities in Iran, an essential part of the package for the EU3, Russia and the United States. I want to be particularly clear on this point. Given Iran's 18-year clandestine enrichment program, any solution must provide objective guarantees that Iran's nuclear programs will be solely for peaceful purposes, including complete cessation of all enrichment and reprocessing activities in Iran. Some have suggested that Iran be allowed small-scale enrichment activities, but even these could enable Iran to master technology critical to making nuclear weapons. Therefore, they would not be an acceptable solution.

Iran responded to the generous EU3 proposal by calling it an insult. In violation of the Paris agreement with the EU3 and in defiance of the will of the international community expressed in the resolutions of the IAEA Board, Iran initiated unilateral actions that shattered the basis for negotiations, resuming uranium conversion in August 2005 and, following its provocative removal of IAEA seals this January, resumed uranium enrichment activities.

With the negotiations with the EU3 stalled, in September 2005 the IAEA Board returned to the task it had set aside nearly two years earlier, and made two important findings. First, the Board found that Iran's many breaches and failures of its obligations to comply with its safeguards

agreement constituted noncompliance as described in Article XII.C of the IAEA Statute. Second, the Board found that the long history of deception and concealment of Iran's nuclear activities, the nature of those activities, and the absence of confidence in Iran's peaceful nuclear intentions have given rise to questions within the competence of the UN security Council.

Both of those findings were cause to report Iran to the UN Security Council, but the Board chose to defer the timing and content of that report to give Iran one final chance to change course, and to restore the basis for a negotiated solution. Iran again chose the course of confrontation rather than negotiation, however, and following Iran's resumption of enrichment activities in January 2006, the IAEA Board by a 27-3 vote, with 5 abstentions, instructed the Director General to report Iran to the UN Security Council. Dr. ElBaradei has done so, and the Iranian nuclear program is now before the Council, the international body responsible for dealing with threats to international peace and security, which this surely is.

We are now moving to a new phase, in which the Security Council can add its considerable authority to the international effort to counter Iran's quest for nuclear weapons. We expect the Security Council to take up action on Iranian noncompliance next week. The Council will not supplant the IAEA effort, but reinforce it – for example, by calling on Iran to cooperate with the Agency and to take steps the IAEA Board has identified to restore confidence, and by giving the IAEA new, needed authority to investigate all aspects of the Iranian nuclear effort. The Council should make clear to the Iranian regime that there will be consequences if it does not step away from its nuclear weapons ambitions. We will continue to consult closely with the EU-3 and the European Union, with Russia, China, and many other members of the international community as this new diplomatic phase proceeds.

Absent even more provocative actions by Iran, we envision a graduated approach by the Security Council, interacting closely with the IAEA. The Security Council can take progressively firmer action, to the extent necessary, to induce Iran to come into complete compliance with its NPT and safeguards obligations, suspend all its enrichment- and reprocessing-related activities, and cooperate fully with the IAEA.

For the first step, we may look to a Statement by the President of the Security Council. Such statements are issued by the Council President, but agreed by all members of the Council. In our view, a Presidential Statement could underline serious Council concern over Iran's nuclear activities and support for the IAEA investigation. In that regard, it could call on Iran to comply with IAEA Board resolutions, including by reestablishing full suspension, halting construction of the heavy water plant, resuming implementation of the Additional Protocol and bringing it into force, and cooperating fully with the IAEA investigation. Further, the Statement could call for a report on its implementation from the IAEA Director General within a short period – a few weeks, not months. We will urge that such a Presidential Statement be issued rapidly after the Council takes up the Iranian dossier next week.

If Iran defies the Security Council Presidential Statement, as it has the IAEA Board of Governors resolutions, we will urge a Council resolution to put increased pressure on Iran to comply. The resolution could be grounded in Chapter VII of the UN Charter, given the threat to international peace and security posed by Iran's nuclear program. In issuing such a resolution, the Council could require Iran, within a specified short period of time, to comply with all elements of the

IAEA Board resolutions, as well as with additional Council requirements such as opening up to substantially increased IAEA investigative authority.

If Iran still does not comply, we will look to even firmer Council action. Our aim is that Iran will be persuaded to reverse course by the obvious resolve of the international community, shown first in the IAEA Board of Governors and beginning this month in the Security Council.

### Defensive Measures

In addition to our diplomatic efforts to end the Iranian nuclear threat, we will work closely with other states to continue – and as necessary, expand -- our defensive measures to protect ourselves against WMD proliferation and all WMD-armed adversaries, including Iran. Those defensive measures require an increasing array of instruments, policies and programs.

At one end of the spectrum are programs like Nunn-Lugar that help to prevent Iran and other proliferators from gaining access to sensitive technologies and materials that could represent a short cut to nuclear weapons. At the other end is missile defense and other counterproliferation capabilities. These capabilities not only strengthen our strategic posture against the threat we face, but provide another reason to persuade states like Iran not to acquire nuclear weapons in the first place.

Other defensive measures address the financial underpinnings of proliferation. UN Security Council Resolution 1540 – adopted at the President's urging -- requires states to adopt and enforce effective controls on funds and services related to export and transshipment that would contribute to WMD programs. Consistent with Resolution 1540, G-8 Leaders have called for enhanced efforts to combat proliferation through cooperation to identify, track and freeze transactions and assets associated with proliferation activities.

President Bush augmented U.S. efforts in this field when he issued last June a new Executive Order, which authorizes the U.S. Government to freeze assets and block transactions of entities and persons, or their supporters, engaged in proliferation activities, and to prohibit U.S. persons from engaging in transactions with them. Currently 18 entities – 6 from Iran, as well as 11 from North Korea and one from Syria – have been designated under the Order, and we are actively considering designating additional ones.

One of the most important defensive measures undertaken by the Bush Administration is the Proliferation Security Initiative, which shows the close interaction among – and the creative use of – diplomatic, military, economic, law enforcement, and intelligence tools to combat proliferation. PSI countries have put all of these assets to work in a multinational, yet flexible, fashion. The participating countries are applying laws already on the books in innovative ways and cooperating as never before to interdict shipments, to disrupt proliferation networks, and to hold accountable the front companies that support them. PSI has now expanded to include support from more than 70 countries, and continues to grow. It is not a treaty-based approach, involving long, ponderous negotiations that yield results only slowly, if at all. Instead, it is an active -- and proactive -- partnership, to deter, disrupt and prevent proliferation of WMD and their means of delivery. And PSI is working – including against Iran. PSI cooperation has stopped the transshipment of material and equipment bound for Iran's ballistic missile programs.

PSI partners, working at times with others, have also prevented Iran from procuring goods to support its WMD programs, including its nuclear program.

We continue to consider possible new or expanded defensive measures to combat the proliferation threat from Iran. We must and will pursue multiple avenues to prevent the emergence of a nuclear-armed Iran.